

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**

**Office of the Chief Financial Officer**

**CHAIRMANGRAY**

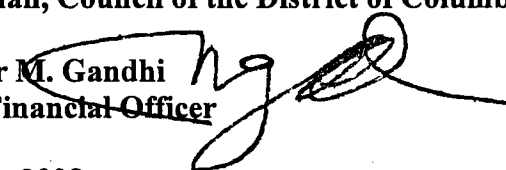
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**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Vincent C. Gray  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi   
Chief Financial Officer

**DATE:** July 31, 2008

**SUBJECT:** Fiscal Impact Statement: "Home Health Care Visit Requirement for Visits that Exceed the Maximum Allowable Limit Approval Resolution of 2008"

**REFERENCE:** Draft Resolution – Number Not Available

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**Conclusion**

Funds are sufficient in the FY 2008 budget and proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed resolution.

**Background**

The Medicaid State Plan authorizes home health care visits for recipients of Medicaid up to thirty-six (36) times per year unless prior authorization is requested and approved by the Medical Assistance Administration (MAA). However, the State Plan does not limit the number of times a prior authorization may be requested. If approved, this resolution would bring the prior authorization process for home health care visits in-line with current agency operating practices that allow for prior authorizations, but limit the number of those visits requiring a prior authorization. Going forward, a Medicaid recipient would be allowed to request a prior authorization for home health care visits up to one hundred twenty (120) days. Throughout this process, MAA would exercise the authority to limit or deny services if the cost of the service(s) exceeds the estimated cost of institutional care over a six month period. This is intended to enable a Medicaid recipient to receive additional home health care while safeguarding MAA

against fraud and abuse. Service beyond the limit of 156 days (36 days + 120 days) would require a request for a fair hearing before the Office of Administrative Hearings.

### Financial Plan Impact

Funds are sufficient in the FY 2008 budget and proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed resolution. Implementation of the proposed SPA is estimated to result in local savings of approximately \$365,000 in FY 2009 and \$1.44 million over the FY 2009 through FY 2012 budget and financial plan period.

The projected local and federal savings due to capping the number of Medicaid home health care visits is displayed in the table below.

Savings Impact on the Budget and Financial Plan					
	FY 2009	FY 2010	FY 2011	FY 2012	4-Year Total
<i>Net Estimated Savings</i>	\$1,215,268	\$1,205,485	\$1,195,389	\$1,184,969	\$4,801,110
<i>Federal Share of Savings</i>	\$850,687	\$843,839	\$836,772	\$829,479	\$3,360,777
<b>Local Share of Savings</b>	<b>\$364,580</b>	<b>\$361,645</b>	<b>\$358,617</b>	<b>\$355,491</b>	<b>\$1,440,333</b>

\* Assumes implementation on or near October 1, 2008